

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SureWest Telephone (U 1015 C) to
Withdraw from the Centralized Credit Check
System.

Application 13-04-014
(Filed April 22, 2013)

**DECISION GRANTING SUREWEST TELEPHONE'S APPLICATION TO
WITHDRAW FROM CENTRALIZED CREDIT CHECK SYSTEM****Summary**

This decision grants the application of SureWest Telephone (SureWest) to withdraw from the Centralized Credit Check System (CCCS) we instituted in Decision (D.) 85-03-017. We set up the CCCS in 1985 for what were then the seven largest local phone companies as a two- to three-year trial of sharing information on customers who are known credit risks because "they skipped out without paying the closing bill owed to the telephone utility which previously served them." The goal of the CCCS was to increase revenue collected by the companies and thereby reduce the amounts collected from paying customers to make up for customers who did not pay their bills.

SureWest states that the CCCS is no longer cost-effective, and that it does not currently use CCCS data in making California credit decisions because it no longer takes deposits from its California residential customers. It notes that we have allowed other carriers to withdraw from the system. No party protests the application. We agree with SureWest that it is appropriate to allow it to withdraw from the CCCS, and therefore grant the application. This proceeding is closed.

Background

When D.85-03-017 imposed the CCCS requirement on the seven largest local phone companies, the evidence showed that \$160 million per year was lost from the one percent of customers who did not pay their bills. The Commission noted that there were two basic types of customers in this category: (1) the customer who is financially distressed and simply cannot pay, ultimately leading to disconnection of service, and (2) the "fraudulent customer" who engages in one, and possibly more, of the following: charging toll calls to others' billing numbers, skipping out without leaving a forwarding address, and disconnecting without paying the final bill then reconnecting through another name at the same location. Under the CCCS, the phone companies participating in the trial could collect an additional deposit from customers found to owe a balance to a previous CCCS participating utility.

The CCCS trial ordered in D.85-11-039 was to last a minimum of two years (later revised to three years). We made clear in 1993 that the program was not required to be permanent. We stated in response to such a claim that "it was the choice of the local exchange carriers (LECs) to continue the program after the successful experiment pursuant to D.85-03-017 and Investigation (I.) 86-08-088."¹ SureWest correctly notes that D.89-11-039 requires it to seek our permission to withdraw from the program: "A telephone utility wanting to withdraw from the CCCS shall file an application requesting authority to withdraw from the program. . . ."²

¹ D.93-03-072, 48 CPUC2d 543 (1993), 1993 Cal PUC LEXIS 181, at *4.

² D.89-11-039, Appendix A, paragraph 2(b), 1989 Cal. PUC LEXIS 886, at *8.

Discussion

In D.89-11-039, the Commission granted Sierra Telephone Company's (Sierra) request to withdraw from the CCCS on the basis that Sierra's costs outweighed its benefits. The Commission held that "[a]ny utility participating in the CCCS program which can show that it is not cost-effective to continue in the program should file an application with the Commission for authority to withdraw from the program."

SureWest states that it is no longer cost-effective for it to participate in the CCCS. SureWest does not currently use CCCS and does not plan to use CCCS in the future. SureWest states that it does not currently take deposits from any of its California residential customers. Accordingly, SureWest does not believe there is any benefit in continuing to participate in the CCCS.

Because the CCCS participants pay a fee even if a carrier does not actually use the system, we see no point in requiring SureWest to remain a member of a service it does not use and has no intention of using. Any payment for something that is not used at all is not a cost-effective use of resources. Because participation in the CCCS was voluntary after the initial three-year trial, SureWest is not obligated to continue to participate in the program at this point if it does not benefit from it.

Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

Michael A. Peevey is the assigned Commissioner and Patricia B. Miles is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. SureWest no longer uses the CCCS system or plans to use it in the future.
2. SureWest pays for membership in the CCCS system whether or not it uses it.
3. It is not cost-effective for SureWest to pay for use of a system from which it gains no benefit.

Conclusions of Law

1. A participant in the CCCS system must seek Commission authority to withdraw from the system.
2. It does not benefit the public for SureWest to remain in the CCCS system, and there is no harm to the public interest if SureWest is permitted to withdraw.
3. SureWest's application should be granted.

O R D E R

IT IS ORDERED that:

1. The application of SureWest Telephone to withdraw from the Centralized Credit Check System instituted in Decision 85-03-017 is granted.
2. Application 13-04-014 is closed.

This order is effective today.

Dated _____, at San Francisco, California.